

Message Text

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PAGE 01 PRAGUE 00219 240750Z
ACTION EUR-12

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R 211630Z JAN 77
FM AMEMBASSY PRAGUE
TO SECSTATE WASHDC 1921
INFO USDOC WASHDC

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E.O. 11652: N/A
TAGS: ETRD, PFOR, CZ, US
SUBJECT: MESSAGE FROM TRADE MINISTER BARCAK

REF PRAGUE 3079 (76)

1. ON JANUARY 20, AT ANNUAL MFT RECEPTION FOR ECONOMIC/COMMERCIAL DIPLOMATS, FOREIGN TRADE MINISTER BARCAK SOUGHT OUT E/C COUNSELOR TO DELIVER FRIENDLY BUT INTENSE 20-MINUTE LECTURE COVERING, AMONG OTHER THINGS, THREE SIGNIFICANT POINTS:

(A) GOC HAS DESIRE AND MONEY TO BUY MORE FROM U.S., BUT U.S. ALONE IS BLOCKING EXPANSION OF TRADE BECAUSE OF FAILURE TO GRANT MFN AND VAIN ATTEMPTS TO LINK TRADE AND POLITICS. RESULT OF U.S. ATTITUDE IS THAT GOC MUST BUY AMERICAN GOODS AND KNOW-HOW FROM THIRD COUNTRIES TO DISADVANTAGE OF BOTH CZECHOSLOVAKIA AND U.S.

(B) GOC HAS MADE STUDY OF POSSIBLE EXPORTS TO U.S. AND FOUND THAT DENIAL OF MFN WOULD COST CZECHOSLOVAKIA \$26 MILLION A YEAR IN EXCESS CUSTOMS DUTIES IF ITS EXPORTS WERE TO REACH \$100 MILLION ANNUALLY. FOR BIG COUNTRY LIKE U.S., \$26 MILLION IS SMALL AMOUNT AND NOT WORTH BLOCKING NORMAL TRADE RELATIONS WITH CSSR.

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C) BARCAK WOULD VERY MUCH LIKE TO MEET WITH NEW COMMERCE SECRETARY KREPS AND IS EAGER THAT EMBASSY TELL WASHINGTON OF THIS INTEREST.

2. IN RESPONSE TO THESE THREE POINTS, E/C COUNSELOR SAID:

(A) USG, TOO, WOULD LIKE FOR CZECHOSLOVAKIA TO BUY DIRECTLY

FROM AMERICAN FIRMS.

(B) MANY AMERICANS, INCLUDING SOME MEMBERS OF CONGRESS, WONDER WHY GOC IS BLOCKING FINAL SETTLEMENT OF CLAIMS/GOLD ISSUE FOR ONE-TIME (NOT ANNUAL) SUM OF LESS THAN \$26 MILLION ABOVE THE TOTAL SETTLEMENT AGREED UPON IN 1974.

(C) EMBASSY WILL REPORT MINISTER'S INTEREST IN MEETING SECRETARY KREPS.

3. COMMENT: BARCAK HAD PREVIOUSLY EXPRESSED SIMILAR VERSIONS OF POINTS A AND B TO AMBASSADOR DURING LATTER'S OCTOBER 4 INTRODUCTORY CALL(REFTEL). MINISTER'S AVID INTEREST IN MEETING SECRETARY KREPS IS A NEW DEVELOPMENT, WHICH PROBABLY REFLECTS MORE GOC'S LONG-STANDING DESIRE FOR INTERNATIONAL RESPECTABILITY THAN ITS CONCERN ABOUT TRADE MATTERS. WITH RECENT DEVELOPMENTS CONCERNING SPY TRIALS, CHARTER 77 AND ANTI-WEST PROPAGANDA CAMPAIGN, EMBASSY SEES NO JUSTIFICATION FOR CONSIDERING BARCAK-KREPS MEETING AT THIS STAGE AND RECOMMENDS DEPARTMENT KEEP THIS IDEA ON ICE FOR THE TIME BEING.
BYRNE

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Sent Date: 21-Jan-1977 12:00:00 am
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